

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: October 16, 2012
Request for Initial Resolution

Prepared by: *Mario Wong*

<p>Applicant: Blue Line Transfer, Inc. and/or its Affiliates</p> <p>Project Location: South San Francisco (San Mateo County)</p>	<p>Amount Requested: \$10,165,000</p> <p>Application No.: 864(SB)</p> <p>Initial Resolution No.: 12-10</p>
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Summary. Blue Line Transfer, Inc. and/or its Affiliates (the “Company”) requests approval of an Initial Resolution for an amount not to exceed \$10,165,000 to finance construction of an anaerobic digester to fuel its existing compressed natural gas (CNG) collection vehicles, installation of solar panels on its office and digester buildings, and purchase of additional rolling stock, containers, and equipment for its existing materials recovery facility (MRF). The Company has also proposed to purchase an additional site for truck parking and container storage.

Borrower. The Company offers refuse disposal and recycling services in South San Francisco. The Company was incorporated in 1970 and has approximately 120 employees.

The principal stockholders of the Company are as follows:

Michael Achiro	12.50%
Edward Bortoli	12.50%
Douglas Button	12.50%
Paul Formosa	12.50%
Ron Fornesi	12.50%
Vincent Fornesi	12.50%
Jerry Nabhan	12.50%
John Rossi, Jr.	12.50%
Total:	<u>100.00%</u>

Legal Questionnaire. The Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed in the Legal Status portion of the Application that raises questions concerning the financial viability or legal integrity of this applicant.

Project Description. The Company plans to construct and equip an anaerobic digester to convert food waste and the green waste portion of municipal solid waste to bio methane gas to fuel its existing CNG collection vehicles. It will also add a CNG fueling station and associated equipment for these vehicles. In addition, the Company will install approximately 25,000 sq. ft. of solar panels on its office and digester buildings. It will also purchase additional rolling stock, containers, and MRF equipment associated with the collection, processing and transfer of solid waste.

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The Company is pursuing Leadership in Energy and Environmental Design (LEED) certification and will make improvements to its roof, office, computer systems and landscaping as part of the LEED certification process. The Company is also in the process of acquiring an additional site for truck parking and container storage.

Volume Cap Allocation. The Company anticipates applying to the Authority for volume cap allocation in the second quarter of 2013.

Financing Details. The Company anticipates the issuance of negotiated tax exempt bonds.

Financing Team.

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Law Offices of Leslie M. Lava

Issuer's Counsel: Office of the Attorney General

Staff Recommendation. Staff recommends approval of Initial Resolution No. 12-10 for Blue Line Transfer, Inc. and/or its Affiliates for an amount not to exceed \$10,165,000.

Note: An Initial Resolution approval is not a commitment that the Board will approve a Final Resolution and bond financing of the proposed Project.

**RESOLUTION OF OFFICIAL INTENT TO ISSUE BONDS TO
FINANCE SOLID WASTE DISPOSAL/RECYCLING FACILITIES FOR
BLUE LINE TRANSFER, INC. AND/OR ITS AFFILIATES**

October 16, 2012

WHEREAS, the California Pollution Control Financing Authority (“Authority”), a public instrumentality, is authorized and empowered by the provisions of the California Pollution Control Financing Authority Act (“Act”) to issue bonds for the purpose of defraying the cost of facilities for the disposal of solid and liquid waste products, including solid waste disposal recovery and recycling facilities; and

WHEREAS, Blue Line Transfer, Inc., a California corporation (“Applicant”), and/or its Affiliates (as hereinafter defined) (collectively, “Company”) have submitted an application (the “Application”) to the Authority requesting the Authority assist in financing (i) the construction of an anaerobic digester and CNG fueling station and the construction of improvements to existing facilities, including without limitation, the installation of solar panels, (ii) the construction of site improvements, (iii) the acquisition of rolling stock and drop boxes, bins, carts and containers, (iv) the acquisition of land, and/or (v) the acquisition and installation, if any, of equipment for the collection, processing, transfer and recycling of solid waste and other equipment functionally related thereto, all as more fully described in the Application (collectively, “Facilities”), which Facilities will be owned and/or operated by the Company, and have presented an estimate of the maximum cost of such Facilities as shown in Exhibit “A” attached hereto; and

WHEREAS, the Authority desires to encourage the Company to provide solid waste disposal/recycling facilities which will serve the public of the State; and

WHEREAS, the Authority deems it necessary and advisable to further the purposes of the Act that the Facilities be acquired at the earliest practicable date, but the Company requires satisfactory assurances from the Authority that the proceeds of the sale of bonds of the Authority will be made available to finance such Facilities; and

WHEREAS, the Company expects to incur or pay from its own funds certain expenditures in connection with the Facilities prior to the issuance of indebtedness for the purpose of financing costs associated with the Facilities on a long-term basis; and

WHEREAS, subject to meeting all the conditions set forth in this resolution the Authority reasonably expects that debt obligations in an amount not expected to exceed \$10,165,000 will be issued and that certain of the proceeds of such debt obligations will be used to reimburse the Company for its prior expenditures for the Facilities; and

WHEREAS, Section 1.103-8(a)(5) and Section 1.150-2 of the Treasury Regulations require the Authority to declare its reasonable official intent to reimburse prior expenditures for the Facilities with proceeds of a subsequent borrowing;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority as follows:

Section 1. The Authority finds and determines that the foregoing recitals are true and correct. For purposes of this Resolution, an “Affiliate” of the Applicant means any person or entity which meets the definition of “participating party” in the Act and controls, is controlled by, or is under common control with, the Applicant, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 2. The Authority declares its official intent to issue, at one time or from time to time, an aggregate of up to \$10,165,000 principal amount of bonds of the Authority for the Facilities; including for the purpose of reimbursing to the Company costs incurred for the Facilities prior to the issuance of the bonds.

Section 3. The bonds will be payable solely from the revenues to be received by the Authority pursuant to a loan agreement or other agreements to be entered into between the Authority and the Company in connection with the Facilities. Each bond shall contain a statement to the following effect:

“Neither the faith and credit nor the taxing power of the State of California or any political subdivision thereof or any local agency is pledged to the payment of the principal of, premium, if any, or any interest on this bond.”

Section 4. The bonds shall be issued subject to the conditions that (i) the Authority and the Company shall have first agreed to mutually acceptable terms for the bonds and of the sale and delivery thereof, and mutually acceptable terms and conditions of the loan of the proceeds thereof to the Company; (ii) all requisite governmental approvals shall have first been obtained; (iii) a Final Resolution shall have been received from the Authority; and (iv) an allocation shall have been received from the California Debt Limit Allocation Committee.

Section 5. The Executive Director of the Authority is hereby directed to indicate the willingness of the Authority to proceed with and effect such financing in order to assist the Company by defraying the cost of the Facilities, subject to due compliance with all requirements of the law and the obtaining of all necessary consents and approvals and meeting all other requirements of the Authority.

Section 6. It is intended that this Resolution shall constitute “some other similar official action” towards the issuance of bonds within the meaning of Section 1.103-8(a)(5) of the Treasury Regulations and “official intent” within the meaning of Section 1.150-2 of the Treasury Regulations, each as applicable under Section 103 of the Internal Revenue Code of 1986, as amended. It is also intended that this statement of “official action” or “official intent” by the

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Authority shall continue in full force and effect even if this Resolution ceases to be effective for other purposes.

Section 7. This Resolution shall take effect immediately upon its passage and remain in full force and effect thereafter; provided that, subject to Section 6, this Resolution shall cease to be effective on October 16, 2015 unless prior thereto the Authority specifically adopts a further resolution extending the effective date of this Initial Resolution, which it will do only after receiving a specific request for such action from the Company, accompanied by an explanation of the status of the project and any additional information requested by the Authority to supplement the Company's application.

EXHIBIT A

NUMBER: 12-10

LOCATION: 500 East Jamie Court
South San Francisco, CA 94080

501 S. Airport Boulevard
South San Francisco, CA 94080

TYPE: Solid Waste Disposal/Recycling

AMOUNT: Up to \$10,165,000